S&MM
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S&MM'S ANNUAL SURVEY OF EXECUTIVE COMPENSATION

MARKETERS LINE UP FOR A 13% RAISE

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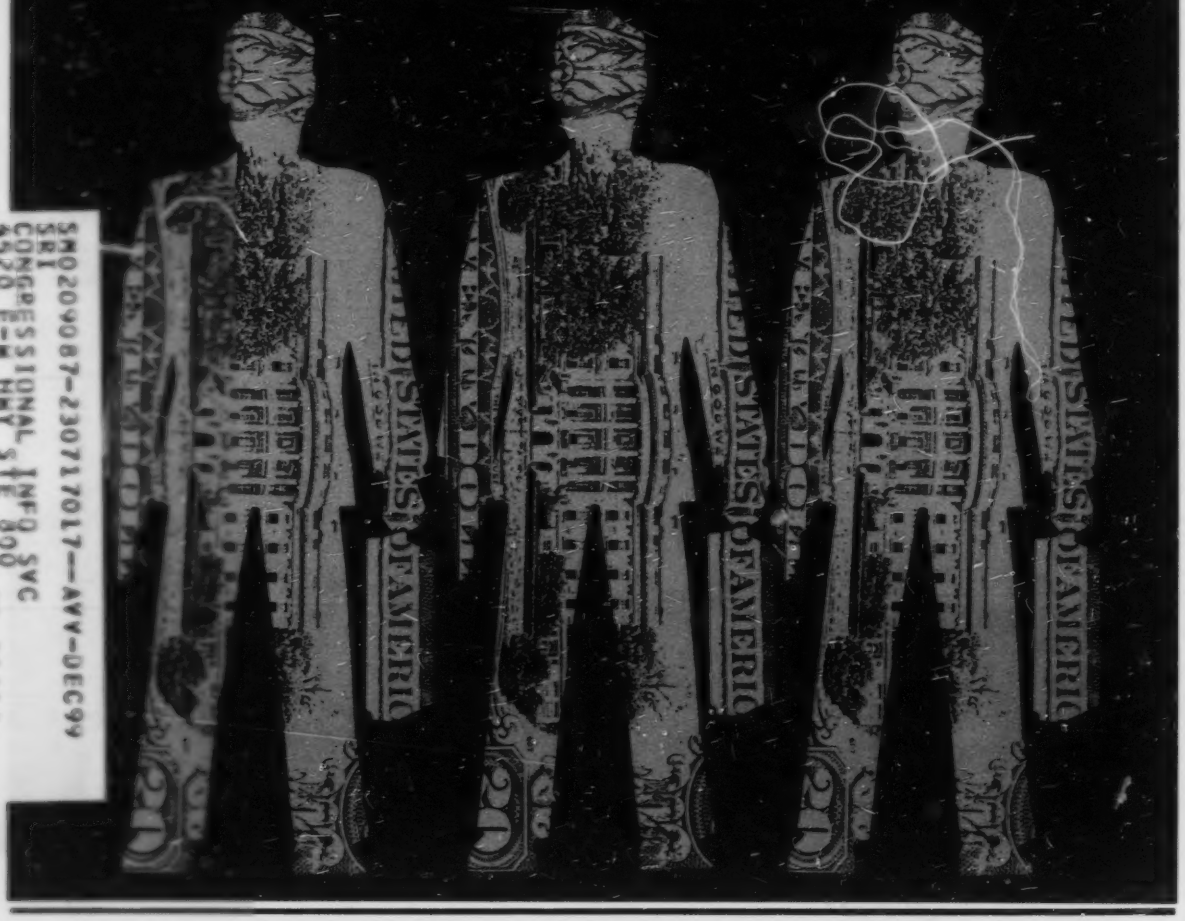

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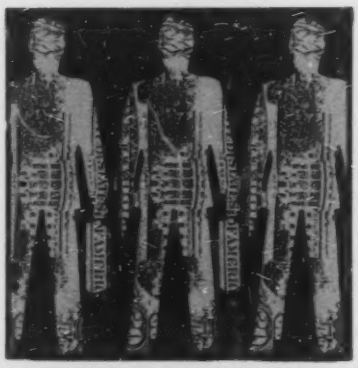

COVER: Top marketers' average compensation marched upward in 1984 to the tune of 13% overall, as low inflation put extra spring into the encouraging step-up in pay. This year's survey reflects the economy's shift to services, reporting that a little rain fell on the pay parade of the marketers in the nondurable sector. Page 52.

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ABP BPA ABC MPA

Alberta and the Houston syndrome

The recession that crippled the American economy in the early 1980s was not strictly a domestic phenomenon. Unemployment and hardship were exported to other countries that dealt heavily with American business and relied on U.S. investments to provide the "oil" that made their economic machinery run smoothly. European and Central American nations have been quite vocal in their complaints about the economic "fallout" they have encountered due to the recession; others have been less vocal. Some, like Canada, have been positively mute. Just what about Canada? America's neighbor to the north has remained typically silent, except for the occasional wire service report, about its equally dire economic straits. Lately, however, the word is out: Canada's back—at least in attitude—and things are looking up up there.

Demographically speaking, the single most interesting statistic concerning Canada is that, for a land mass that's roughly 10% larger than the U.S., it has only about one-tenth the population—25 million vs. 238 million for the U.S. So when a Canadian population shift involving 20,000 people a year—a mere drop in the bucket by U.S. standards—takes place, it carries quite a bit of weight statistically. For example, in the years between 1975 and 1982, almost 20,000 people per year left Ontario for the wild-rose climes of Alberta, one of Canada's western provinces. The reasons for this demographic shift were rooted mostly in economics, although the westward movement of the population really began back in the 1970s.

Sound familiar? Well, Canada is not always such a perfect mirror of U.S. trends. For instance, in the last two years, Canadians have performed a unique turnaround, chalking up the only significant west-to-east population shift on the North American continent. Here's how it came about.

Oil and expansion

The story of Alberta reads remarkably like that of Houston, TX. Americans moving into the Sunbelt discovered Houston just as it discovered them. The influx of skilled and unskilled workers caused a boom in that city that mainly took the form of epidemic building starts. Houses, offices, hotels, shopping malls, apartments—construction was progressing nonstop in the late 1970s and early 1980s just to keep pace with the new arrivals seeking their fortunes, first in the booming oil business and later in hi-tech industries. Then came the recession.

In Alberta, too, it was oil. Lured by the increased activity "out there," jobless Canadians flocked to the province in search of high wages and rapid advancement. Between 1971 and 1981, Alberta's population grew by 37.5%, the runaway national leader by almost 7%. Third-place Yukon (+29.9%) and fourth-place British Columbia (+25.6%) provided a graphic illustration that Canada's westward expansion was in full swing. No less than 127,000 people left economically depressed Ontario, the nation's most populous province, for Alberta's relative promise. By 1983, however, the bloom was off the wild rose. As with Houston, the boom in Alberta was relatively short-lived, and the realities of over-building began to sink in. A recent article in the *Calgary Herald* asked the question nobody wanted to hear: "Has the whirlwind transformation been temporarily subdued, or has it vanished forever, leaving behind half-finished office buildings in the downtown core and thousands of empty apartment units?" Similar questions have been raised concerning Houston, which currently has only a 50% occupancy rate in its downtown hotels, the result of an overly ambitious 15,000-room expansion begun in 1980.

The real blow came earlier this year, when Statistics Canada (the Canadian census bureau) announced that during 1984, 20,420 Canadians moved back to Ontario from the west. Most of them—17,700, or 87%—were formerly residents of Alberta. Nearly as many pushed even further westward to British Columbia, causing an overall decline in Alberta's population to the tune of 39,000 people in 1984 alone. Asghar Hashmi, head of economic and demographic models at the Alberta Bureau of Statistics, summed it up quite simply: "There are better opportunities elsewhere," he says. No doubt, he wasn't thinking of Houston.

By Richard Kern,
Editorial Director, S&MM Surveys

As seen by the Survey:

Alberta: Down but not out

Province	Population (Thous.) 1982	1984	Net Gain or Loss (Thous.)
Alberta	2,358.3	2,337.7	− 20.6
British Columbia	2,813.6	2,882.9	+ 69.3
Manitoba	1,041.4	1,065.2	+ 24.8
New Brunswick	700.6	717.3	+ 16.7
Newfoundland	570.1	578.9	+ 8.8
Nova Scotia	855.2	878.2	+ 23.0
Ontario	8,764.2	9,024.0	+259.8
Prince Edward Island	123.0	126.8	+ 3.8
Quebec	6,509.3	6,562.3	+ 53.0
Saskatchewan	985.8	1,016.4	+ 30.6
Yukon & Northwest Terr.	70.5	73.3	+ 2.8

Source: Sales & Marketing Management's *1983* and *1985 Survey of Buying Power*.
*Sales & Marketing Management.

For the future, however, Kilbury does not rule out the possibility of training a new sales force for selling in consumer markets. "It's a very exciting time for us," he says. "The Formica Corporation is 180 percent different from what it was in 1981."

NEW PRODUCTS

Maharam does walls

The usual procedure, when contract fabric marketer Maharam adds an item to its line of fabrics for upholstery, drapery, and wall coverings, is to have salespeople present the item to customers during a regular sales call and leave behind a sample book as a guide for future orders. But management was so enthusiastic about Tek Wall, which sales vice president Paul Wyckoff describes as "the first and only woven textile that can outperform vinyl," that it followed a different sales route.

First, the New York City-based company's 40 salespeople made calls specifically to present Tek Wall to their customers, architects and interior designers who specify fabrics for use in such commercial interiors as offices, health care facilities, hotels, and schools. Rather than offering sample books, salespeople carried "memos," 18-in. squares of fabric that the designers in turn show to their prospects; and "waterfalls," vertical strips of samples showing the color range. Tek Wall comes in five patterns; with color variations, there are 98 stock-keeping units.

The second step was to send a color card for one of the patterns to those on the company's mailing list.

Customer response has been "amazing," Wyckoff says. Since Tek Wall was first shown, in February, it has been installed for such customers as E. F. Hutton, Price Waterhouse, and IBM. Thus the company is beginning its first full advertising program. Ads are running in July and August in *Interiors*

S&MM SALESGRAPH

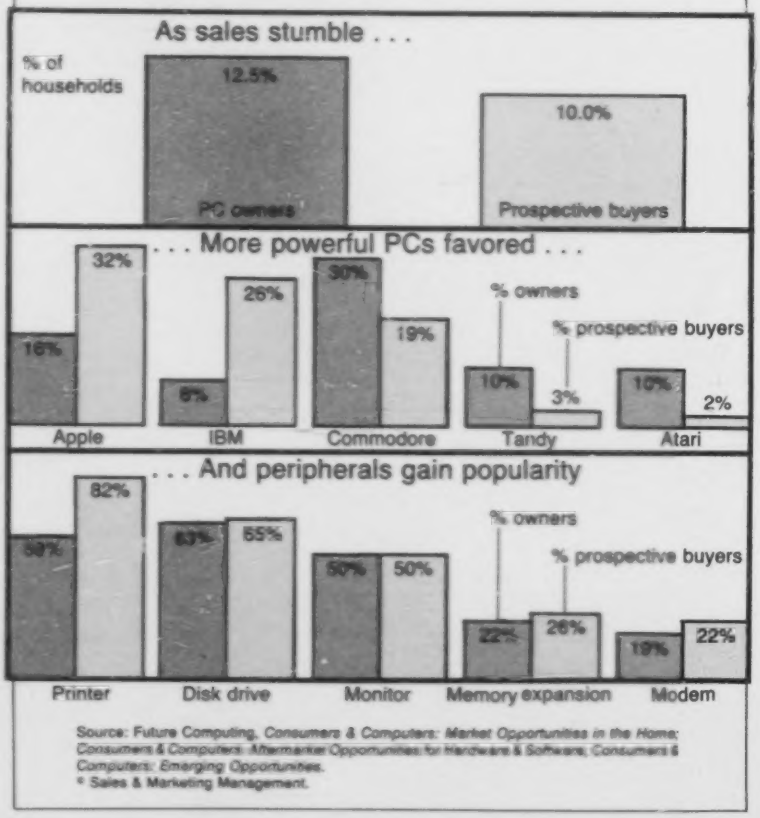
Silver linings among PC Market's clouds

While PC marketers are resigned to 1985 being a down year in the home market, they can be encouraged by signs of a more sophisticated consumer. Home market sales of PCs are expected to dip to 4.3 million units vs. 4.5 million last year (although dollar volume will rise from $3.6 billion to $4.0 billion), according to latest projections of Future Computing, Dallas, the McGraw-Hill subsidiary and leading researcher in the PC industry.

If sales are stumbling, says senior analyst Hilda Uribe, "it's because the market is in a transition as consumers shift away from low-end game machines to higher-price, higher-capability machines." For example: While 16% of current owners have an Apple and 8% an IBM, the shares among prospective purchasers soar to 32% for Apple, 26% for IBM.

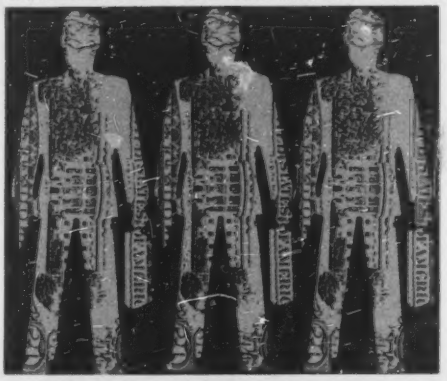
She also notes that consumers want to do more with their PCs. Modems, which give the machines communications capability, are in 19% of owner households but figure in the buying plans for 22% of the prospective purchasers.

These figures are from Future Computing's latest quarterly mail survey of a national panel of 59,000 households. Concluded in March, the poll drew responses from 39,000 households (66%).



Source: Future Computing, *Consumers & Computers: Market Opportunities in the Home; Consumers & Computers: Aftermarket Opportunities for Hardware & Software; Consumers & Computers: Emerging Opportunities.*
* Sales & Marketing Management.

S&MM'S ANNUAL SURVEY OF EXECUTIVE COMPENSATION



MARKETERS LINE UP FOR A 13% RAISE

By MARK THALENBERG
Associate Editor

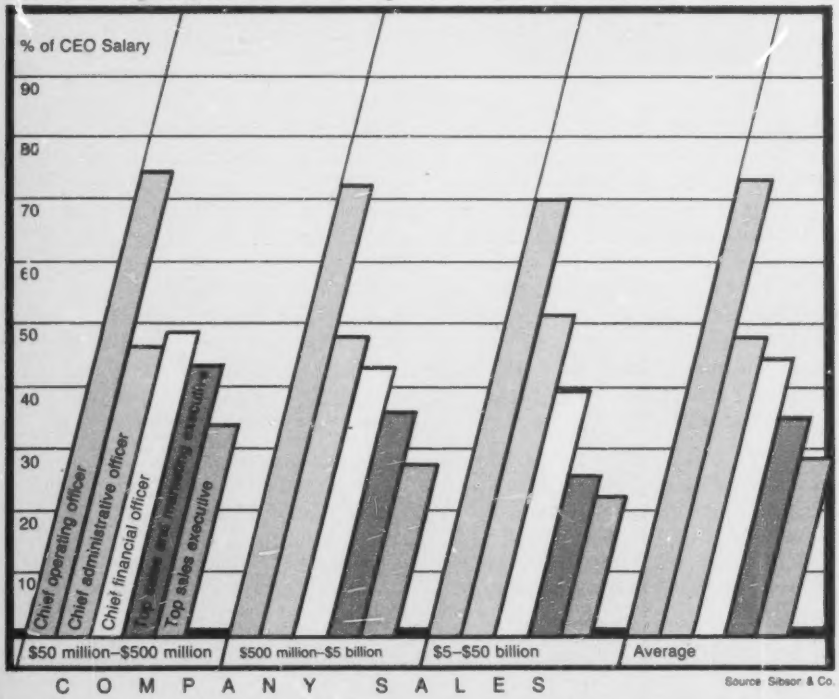
While iced champagne and buckets of caviar are not quite called for, 1984 proved to be a solid year for marketers' compensation. S&MM's latest recap of pay for top sales and marketing executives mirrors the gradual shift toward a service economy and the abatement of inflation. The survey shows a 13% rise in cash compensation (salaries, fees, directors' fees, bonuses, and commissions), a robust two-point increase over the 11% raise for marketers in 1983. So, instead of the champagne, uncork a fine burgundy and let it breathe.

"The changes, perhaps, were not as dramatic as those we saw the preceeding year," says Matt S. Walton III, managing principal of the sales compensation practice group at Sibson & Co. "While three-quarters of the executives in the survey actually got an increase, roughly a quarter averaged an 11% decrease, so it was not an across-the-board increase for everybody. That is an interesting finding in its own right." Sibson, a Princeton, NJ, consulting company, helped prepare S&MM's survey of 1984 compensation for top sales and marketing executives. Based on corporate proxy statements, the survey reports on 115 marketers at 104 companies divided into the durable goods, nondurable goods, and service sectors.

Average total cash compensation jumped to $189,218 from $179,137 a year ago, despite a relatively high rate of attrition in the statistical ranks from the 1984 survey. This rate of attrition, which is usual in the survey, normally lowers the average compensation because of the lower wages of new executives replacing seniors vacating the top spots. Although one-third of the marketers from last year are not listed in the current survey, average compensation climbed more than $10,000.

Other aspects of this year's survey point to a compensation profile that is fundamentally positive. Says Walton, "It is important to recognize that the overall 13% increase occurred during a year when the consumer price index was very low,

How top marketers stack up vs. corporate honchos



Source: Sibson & Co.

The 10 best-paid sales and marketing executives

	1984 Company Results Sales ($ Mil.)	Profits ($ Mil.)	Total Cash (Salaries, Fees, Directors' Fees, Bonuses, Commissions)	Long-Term Gain Realized 1983-84	Total Compensation (Total Cash, Long-Term Gain Realized)	Typical Pay * Adjusted for Company Size ($000)	Salary & Bonus as a % of Typical Pay
1. Robert A. Bardagy *sr. v.p., marketing* **Comdisco**	$ 536.9	$29.7	$934,333	$303,348	$1,237,681	$134	697%
2. Irving L. Rousso *exec. v.p., sales* **Russ Togs**	275.0	10.7	709,667	155,212	864,879	121	585
3. George A. Levine *v.p., marketing & secretary* **Quotron**	189.8	26.8	225,242	636,599	861,841	115	196
4. Richard C. Bartlett *v.p., marketing* **Mary Kay Cosmetics**	277.5	33.7	243,500	541,535	785,035	122	200
5. David R. Mackie *v.p., U.S. marketing* **Tandem Computers**	532.6	42.9	194,223	370,931	565,154	134	145
6. John J. Shields *v.p., sales & service* **Digital Equipment**	5,584.4	328.8	308,760	253,146	561,906	189	163
7. Norman A. Myers *vice chairman & chief marketing officer* **Browning-Ferris**	1,000.8	89.1	254,000	260,025	514,025	147	173
8. James W. Crook *sr. v.p., sales* **First Mississippi**	270.0	15.9	165,500	343,275	508,775	121	137
9. Richard F. Polhemus *v.p., gen. mgr., domestic sales* **Xidex**	178.1	24.0	153,000	334,194	487,194	114	134
10. Frank E. Mosier *sr. v.p., marketing* **Sohio**	11,692.0	1,488.0	428,500	0	428,500	211	203

*Average of salary and bonus paid position incumbents in Sibson & Co. Annual Management Compensation Survey, adjusted for company size.

so that in real terms, individuals in these positions received a substantial increase in pay."

Pay raises for marketers in 1984 also reflect the changing face of the economy. Executives in the nondurable goods sector had a mere 6% average increase for the year, certainly a function of that sector's slow sales growth. Walton also cites the 18% decrease in profits for the nondurable goods sector as a drag on compensation there, compared to the average industry profit decrease of 3%.

In contrast, the durable goods and service sectors experienced better sales, with increases of 20% and 13% respectively, and profits, with advances of 8% and 32%. Executives at durable goods companies received raises averaging 18%, while those at service firms averaged 16%.

"This year we are seeing the continued expansion of the service sector," says Walton, "but we are in a much steadier economy. Basically, what we are witnessing in this survey is what is taking place generally in the U.S. economy: a shift into the service sector out of the nondurable goods sector."

The list of the 10 highest-paid marketers and their compensation figures (see box above) is headed again, after last year's slip into second place, by Comdisco. However, a new person, Robert A. Bardagy, supplants retired supersalesman Nick DiBari, who topped the list for five of the last six years. (see DiBari's S&MM series "Straight Talk," beginning in the Sept. 10, 1984 issue) As an enhancement, this year's Top-10 table includes a special analysis of pay for the 10 highest-paid executives in the S&MM survey, which compares the leaders' pay to the average for similar positions adjusted for company size in Sibson's Annual Management Compensation Survey.

As the table indicates, these highest-paid marketers were at least 130%, or more, above the typical pay levels for a company with a similar volume. "This by no means indicates they were overpaid," says Walton. "It just says that the individuals who were in the top ten did not get there by virtue of sitting in whatever their tier of

Industry Codes—1985 S&MM Survey

DURABLE GOODS MANUFACTURING
1 Appliances
2 Auto
3 Building Materials
4 Computer Peripherals
5 Computer Systems
6 Consumer Durables
7 Electronics
8 Machinery & Equipment
9 Metals & Mining
10 Office Equipment & Supplies
11 Steel
12 Other Durable Goods

NONDURABLE GOODS
13 Beverages
14 Chemicals
15 Food Processing
16 Paper, Forest, Packaging
17 Personal Care
18 Petroleum & Oil
19 Textiles & Apparel

SERVICES
20 Computer Services & Software
21 Publishing, Communication
22 Retail & Wholesale
23 Transportation
24 Other Services

companies was and getting their respective payouts. They got a payout that was above that which would have been for a company of that particular size." Thus Bardagy, for example, is a valued marketer to the tune of 697% of the earning power of a similarly titled executive at a company with comparable sales volume. "The strongest conclusion," says Walton, "is that they are either go-getters in the sense that they evidence superior results for their companies or, in terms of their abilities, to negotiate the best deals for themselves—or both."

Despite the carry-over of only

Company Industry	Sales ($ Mil.)	Net Profit (Loss) ($ Mil.)	% Change 1983–84	Individual and Title	Total Cash (Salaries, Fees, Directors' Fees, Bonuses, Commissions)	% Change 1983–84	Long-Term Gain Realized 1983–84	Total Compensation (Total Cash, Long-Term Gain Realized)
DURABLE GOODS MFG.								
1. Tandem Computers 4	$532	$ 42	39%	David R. Mackie *v.p., U.S. marketing*	$194,223	57%	$370,931	$565,154
2. Digital Equipment 4	5,584	328	15	John J. Shields *v.p., sales & service*	308,760	– 0	253,146	561,906
3. Xidex 12	178	24	58	Richard F. Polhemus *v.p., gen. mgr., domestic sales*	153,000	20	334,194	487,194
4. Whirlpool 1	N.A.	N.A.	N.A.	George E. Wardeberg *exec. v.p., sales, Sears*	202,725	N.A.	189,955	392,680
5. Computer Consoles 4	131	6	– 39	Gary D. Haynes *sr. v.p., marketing systems operations*	267,355	N.A.	103,344	370,699
6. Whirlpool 1	3,137	189	13	Robert L. Brintnall *exec. v.p., marketing*	232,100	N.A.	138,097	370,197
7. Cray Research 5	228	45	73	Marcelo A. Gumucio *exec. v.p., marketing*	265,557	170	97,625	363,182
8. Amdahl Corp. 5	779	36	– 21	Kenneth W. Simonds *exec. v.p., product sales*	360,693	9	N.A.	360,693
9. Hasbro-Bradley 6	N.A.	N.A.	N.A.	Lawrence H. Bernstein *sr. v.p., sales*	202,573	23	147,368	349,941
10. Raytheon 7	5,995	243	– 19	Philip A. Phalon *sr. v.p., corporate marketing*	306,506	14	19,813	326,319
11. Apple Computer 5	1,515	64	– 16	William V. Campbell *exec. v.p., sales*	317,314	N.A.	0	317,314
12. Standard Register 10	411	24	21	Peter S. Redding *v.p., marketing*	314,664	20	0	314,664
13. Hasbro-Bradley 6	714	51	240	Stephen A. Schwartz *sr. v.p., marketing*	198,572	29	114,227	312,799
14. Cooper Tire & Rubber 12	555	24	14	W.T. Fitzgerald *exec. v.p., marketing*	293,502	14	12,226	305,728
15. Televideo Systems 5	N.A.	N.A.	N.A.	Melvin Snydel *v.p., international sales*	136,352	14	164,248	300,600
16. Micom Systems 4	132	20	54	Stephen W. Frankel *sr. v.p., marketing & development*	200,470	37	8[illegible],888	290,358
17. UNC Resources 9	301	– 122	841	William R. Bush *exec. v.p., corporate affairs/ marketing*	282,300	89	408	282,708
18. Analog Devices 4	313	37	102	Melvin J. Sallen *grp. v.p., sales & int'l operations*	280,467	50	0	280,467
19. Caterpillar Tractor 8	6,576	– 428	24	Erskine C. Chapman *exec. v.p., sales*	273,704	7	0	273,704
20. Snap-On-Tools 6	565	59	38	Lynn A. Ameche *sr. v.p., marketing*	264,635	9	6,650	271,285
21. Pitney Bowes 10	1,732	134	64	Robert J. Pascal *grp. v.p., business systems marketing*	264,296	– 5	0	264,296
22. Standex International 12	378	20	24	Sol Sackel *sr. v.p., marketing*	177,900	33	82,021	259,921

N.A.—Not Applicable

two of last year's Top-10 executives and three of the companies to this year's list, the computer industry once again dominates, holding 5 out of the 10 top spots for executives. "The question is whether we are going to see the same pattern next year," says Walton, "because this has been a disastrous year for computers. I wonder how they are going to fare in this new environment."

Although the average sales volume for companies in the survey is approximately $1.05 billion, it should be noted that the median is about $288 million. This figure is significant because sales and marketing executives tend to get paid less in relation to the CEO and other corporate positions as, says Walton, "the companies break through the $1 billion threshold [see chart, p.50]. Comdisco and Russ Togs are very aggressive, sales-oriented companies and they pay their senior salespeople an enormous amount of money. They say, 'Look, we are a marketing company, and we will pay what we have to to get somebody.' There are a lot of other companies where sales is important, but management feels R&D is what makes the company go, or the production process and control people, or the financial manager who structures the books."

For the current year, Walton predicts that because "inflation clearly is remaining low, salary increases will also be low, in the vicinity of five-and-a-half to six percent for structural adjustments." Noting that total compensation will depend on the results of the marketers' companies, he estimates that again approximately three-quarters of the surveyed executives will show compensation increases. "My overall prediction," says Walton, "is that the increase in pay levels is going to be about 12%."

Company Industry	Sales ($ Mil.)	Net Profit (Loss) ($ Mil.)	% Change 1983–84	Individual and Title	Total Cash (Salaries, Fees, Directors' Fees, Bonuses, Commissions)	% Change 1983–84	Long-Term Gain Realized 1983–84	Total Compensation (Total Cash, Long-Term Gain Realized)
23. Cleveland-Cliffs Iron 9	$389	$28	936%	Frank S. Forsythe *exec. v.p., sales*	$254,500	74%	$0	$254,500
24. Xidex 12	N.A.	N.A.	N.A.	Glenham C. Mezher *v.p./gen. mgr., int'l sales*	136,000	N.A.	100,620	236,620
25. Coleco 6	N.A.	N.A.	N.A.	Philip Cohen *exec. v.p., sales*	232,509	N.A.	0	232,509
26. Decision Data Computer 5	147	8	48	Michael D. Brody *sr. v.p., corporate marketing*	225,605	42	0	225,605
27. Prime Computer 5	642	59	83	L. Brubaker *v.p., sales*	225,000	7	0	225,000
28. Triangle Pacific 3	270	13	19	Joseph Nussbaum *sr. exec. v.p., sales/marketing*	225,000	0	0	225,000
29. Coleco 6	774	−79	974	Marvin Posner *sr. v.p., sales*	214,126	N.A.	0	214,126
30. Televideo Systems 5	163	4	−79	Ernest Holland *v.p., sales*	190,687	N.A.	0	190,687
31. Inland Steel 11	3,324	−49	−58	John B. Judkins, Jr. *v.p., sales*	171,174	28	0	171,174
32. Televideo Systems 5	N.A.	N.A.	N.A.	Alan Platt *v.p., international sales*	170,971	N.A.	0	170,971
33. Paradyne 4	290	11	202	Jerry T. Kendall *sr. v.p., marketing/service div.*	165,433	11	0	165,433
34. Decision Data Computer 5	N.A.	N.A.	N.A.	Philip A. Verruto *v.p., sales*	164,553	N.A.	0	164,553
35. Recognition Equipment 5	140	7	−22	Robert W. Reedy *v.p., worldwide marketing*	162,822	9	0	162,822
36. Monolithic Memories 4	187	26	164	Thomas J. Branch *v.p., sales*	160,563	47	0	160,563
37. Champion Spark Plug 7	816	27	1	Charles A. Schwalbe, Jr. *v.p., sales*	157,460	0	107	157,567
38. Timeplex 7	66	5	64	Calvin S. Shoemaker *v.p., sales & marketing*	157,300	N.A.	0	157,300
39. Kerr Glass Manufacturing 12	242	− 3	−85	Oscar N. Byrd *v.p., sales—glass cont.*	132,394	N.A.	21,510	153,904
40. Floating Point Systems 5	118	15	16	John M. Harte *v.p., marketing*	150,000	−23	0	150,000
41. Vermont American 6	225	17	21	Harold L. Knight *v.p., marketing*	149,273	8	0	149,273
42. Printronix 4	116	7	17	Melvin Posin *sr. v.p., marketing*	146,450	43	0	146,450
43. Oneida 6	275	9	−315	Robert E. Sanderson *exec. v.p., marketing*	129,320	− 6	7,350	136,670
44. ADAC Laboratories 8	59	−33	−789	John M. Burgess *v.p., marketing & sales*	133,743	−19	0	133,743
45. Network Systems 4	771	15	55	Mahlon L. Moore *v.p., marketing*	132,500	17	0	132,500
46. Terminal Data 4	459	3	55	Samuel L. Greene *v.p., marketing*	132,210	3	N.A.	132,210

N.A.—Not Applicable

Company Industry	Sales ($ Mil.)	Net Profit (Loss) ($ Mil.)	% Change 1983–84	Individual and Title	Total Cash (Salaries, Fees, Directors' Fees, Bonuses, Commissions)	% Change 1983–84	Long-Term Gain Realized 1983–84	Total Compensation (Total Cash, Long-Term Gain Realized)
47. Kysor Industrial 2	$158	$ 9	251%	Timothy D. Peterson *v.p., marketing & int'l.*	$125,986	32%	$ 0	$125,986
48. ASK Computer Systems 5	65	6	57	Thomas C. Lavey *exec. v.p., marketing*	120,284	–17	0	120,284
49. General Binding 10	163	6	2611	George M. Durkin *v.p., domestic sales*	116,726	47	250	116,976
50. Cubic 7	275	14	–19	R. L. deKozan *v.p., marketing*	116,286	9	0	116,286
51. Comwood 12	198	29	28	E. C. Powell *v.p., marketing*	113,839	5	0	113,839
52. Mor-Flo Industries 1	200	6	17	Gary Kaufman *v.p., marketing*	112,013	10	0	112,013
53. Cycare Systems 5	39	2	36	James D. Dyer *exec. v.p., marketing*	112,000	24	0	112,000
54. Alpha Micro Systems 5	51	2	–51	R. Cameron Pedego *v.p., sales & service*	111,859	N.A.	0	111,859
55. Intergraph 8	403	62	114	William D. Zarecor *sr. v.p., marketing*	108,159	– 1	0	108,159
56. Inter-Tel 7	41	– 2	30	Matthew M. Mihaylo *sr. v.p., dealer/direct sales*	107,914	59	0	107,914
57. Zenith Laboratories 7	37	2	15	Philip Blick *v.p., marketing*	107,579	18	0	107,579
58. Bohemia Inc. 3	163	– 1	–144	Keith M. Wright *v.p., marketing*	92,766	20	13,958	106,724
59. Cessna Aircraft 2	693	0	–105	Brian E. Barents *sr. v.p., marketing*	101,250	20	0	101,250
60. GF Corp. 10	183	–10	373	Richard S. Strong *sr. v.p., sales/marketing*	100,217	8	0	100,217
61. Union Special 7	97	– 4	–338	Donald R. Meyer *exec. v.p., marketing*	98,228	– 7	0	98,228
62. Winnebago Industries 2	411	27	76	Frederick G. Emmert *v.p., marketing*	97,734	8	0	97,734
63. Sykes Datatronics 5	N.A.	N.A.	N.A.	Charles S. Pedler *v.p., marketing & sales*	97,500	8	0	97,500
64. Baldor Electric 8	183	9	25	Robert E. Bender *v.p., sales*	95,213	4	0	95,213
65. Sykes Datatronics 5	20	–14	262	Clifford D. Castle *v.p., sales*	94,028	N.A.	0	94,028
66. Steiger Tractor 8	121	1	–152	E. W. Muehlhausen *v.p., marketing*	90,300	6	1,557	91,857
67. National Mine Service 8	91	– 7	–23	Charles L. Douglas *v.p., sales & marketing*	86,400	30	0	86,400
68. Healthdyne 8	134	–35	–765	Jeffrey D. Koepsell *v.p., sales & marketing*	85,075	– 6	0	85,075
69. Zentec 5	24	0	–102	Robert Angus *sr. v.p., marketing*	75,005	N.A.	0	75,005
NON DURABLE MFG.								
1. Russ Togs 19	275	10	– 6	Irving L. Rousso *exec. v.p., sales*	709,667	–10	155,212	864,879
2. Mary Kay Cosmetics 17	277	33	– 7	Richard C. Bartlett *v.p., marketing*	243,500	– 6	541,535	785,035
3. First Mississippi 14	270	16	12	James W. Crook *sr. v.p. sales—fertilizer*	165,500	22	343,275	508,775
4. Sohio 18	11,692	1,488	– 1	Frank E. Mosier *sr. v.p., marketing*	428,500	10	0	428,500
5. Unocal 18	10,838	700	11	William S. McConnor *sr. v.p., refinery marketing*	381,667	– 3	0	381,667
6. Dean's Food 15	923	26	19	John V. Guckien *exec. v.p., marketing*	236,128	5	94,128	330,256
7. Ethyl 14	1,675	130	27	James M. Gill *sr. v.p., product sales*	317,863	10	0	317,863
8. Farah Manufacturing 19	N.A.	N.A.	N.A.	William W. Compton *exec. v.p., marketing*	290,800	–14	0	290,800
9. Fieldcrest Mills 19	572	4	–72	Herbert M. Bergen, Jr. *sr. v.p., sales*	180,000	– 3	95,798	275,798
10. Manhattan Industries 19	520	1	–91	Zachary L. Solomon *sr. v.p., marketing*	268,000	79	0	268,000
11. Stevens, J. P. & Co. 19	2,144	22	16	David M. Tracy *v. chmn./sr. marketing exec.*	247,200	–10	0	247,200
12. Heileman, G. Brewing 13	1,171	45	–19	John S. Pedace *exec. v.p., marketing*	227,004	– 6	0	227,004

N.A.—Not Applicable

Company Industry	Sales ($ Mil.)	Net Profit (Loss) ($ Mil.)	% Change 1983–84	Individual and Title	Total Cash (Salaries, Fees, Directors' Fees, Bonuses, Commissions)	% Change 1983–84	Long-Term Cash Realized 1983–84	Total Compensation (Total Cash, Long-Term Cash Realized)
13. Hughes Tool 18	$1,215	$ –133	47%	E. C. Brown, Jr. exec. v.p., marketing	$220,000	7%	$ 0	$220,000
14. Galaxy Carpet Mills 15	222	7	–9	Irwin Pomerantz sr. v.p., marketing	212,271	24	0	212,271
15. Wm. Wrigley Jr. 15	590	39	1	Ronald O. Cox v.p., marketing	201,853	13	4,227	206,080
16. Robins, A. H. 17	631	–461	–892	Charles E. Hart sr. v.p., sales–pharmaceutical div.	206,075	46	0	206,075
17. Farah Manufacturing 19	250	15	–25	James C. Farah sr. v.p., operations & sales	197,870	6	0	197,870
18. Wilson Foods 15	1,883	25	–159	Robert F. Autry sr. v.p., sales	140,058	N.A.	30,520	170,578
19. Minnetonka 17	87	1	–234	Grant L. Wood v.p., marketing	140,200	55	27,189	167,389
20. Glenmore Distilleries 13	117	5	46	Richard S. Young first v.p., sales	124,639	58	N.A.	124,639
21. Varco International 18	59	–18	54	Maurice E. Jacques v.p., sales & marketing	120,833	5	0	120,833
22. Consolidated Papers 16	686	80	64	G. T. Beckley v.p., marketing	118,059	9	0	118,059
23. Ross Togs 19	N.A.	N.A.	N.A.	Joel S. Grey v.p., marketing	115,000	0	0	115,000
24. CHB Foods 15	290	3	–35	Michael Pasarow v.p., sales & administration	96,300	5	0	96,300
25. Quaker State Oil Refining 18	924	17	–51	Joseph N. Kelley v.p., marketing	89,407	3	0	89,407
26. Oakite Products 14	82	4	95	F. A. Schnitzler v.p., sales	80,500	N.A.	0	80,500
SERVICES								
1. Comdisco 20	537	29	–42	Robert. A. Bardagy sr. v.p., marketing	934,333	N.A.	303,348	1,237,681
2. Quotron Systems 21	189	26	11	George H. Levine v.p., marketing & secretary	225,242	31	636,599	861,841
3. Browning-Ferris Ind. 24	1,000	89	12	Norman A. Myers v. chmn. & chief marketing officer	254,000	9	260,025	514,025
4. Super Valu Stores 22	6,547	107	39	Gene D. Hoffman sr. v.p., marketing	276,000	13	37,930	313,930
5. USAIR Group 23	1,629	121	51	Randall Malin exec. v.p., marketing	236,534	11	56,670	293,204
6. TIE/Communications 21	501	15	–66	Brian J. Kelley v.p., sales	225,000	N.A.	40,500	265,500
7. Infotron Systems 20	N.A.	N.A.	N.A.	Thomas Alexander v.p., sales & marketing	162,506	83	85,500	248,006
8. Walgreen 22	2,744	85	22	Vernon A. Brunner sr. v.p., marketing	235,581	21	0	235,581
9. AMR 23	5,353	212	2	Thomas G. Plaskett sr. v.p., marketing	225,000	21	0	225,000
10. Yellow Freight Systems 23	1,380	44	–10	George E. Powell, III sr. v.p., operations & sales	197,250	36	0	197,250
11. Grolier 21	286	5	–88	Howard B. Graham sr. v.p., marketing product development	167,628	6	15,700	183,328
12. Piedmont Aviation 23	1,282	58	127	William G. McGee sr. v.p., marketing	151,342	41	17,150	168,492
13. Trans World Airlines 23	3,656	5	–118	S. G. Long sr. v.p., marketing/sales	151,602	N.A.	12,039	163,641
14. CBI Industries 24	960	38	–12	J. R. Mansell sr. v.p., marketing/sales	147,023	– 8	1,985	149,008
15. Krueger, W. A. 21	271	15	41	Jerome M. Cotter sr. v.p., sales	120,764	N.A.	N.A.	120,764
16. Infotron Systems 20	70	8	30	Robert J. Bauer v.p., marketing & development	93,951	–34	0	93,951
17. Advanced Systems (ASI) 24	40	2	–29	Elizabeth E. Tomaszewicz v.p., sales	87,454	N.A.	6,349	93,803
18. Super Food Services 22	1,290	7	34	Al Burshtan sr. v.p., marketing	78,000	9	0	78,000
19. Republic Airlines 23	1,547	25	–122	A. B. Magary sr. v.p., marketing	77,592	N.A.	0	77,592
20. United Aircraft Products 23	32	4	22	Henry Cozzolino v.p., marketing	70,750	1	0	70,750

N.A.—Not Applicable

Is your sales force pulling its weight?

New government data on shipments and sales personnel by industry can help marketers measure the effectiveness of their own sales forces.

By THAYER C. TAYLOR
Senior Editor/Management Sciences

"How many salespeople will I need if I expand into a new market?"

"How does the revenue-production of my sales force compare with that of my competitors?"

Marketers can now calculate answers to these perennial puzzlers by calling up information from two federal government data sources. One, the Census Bureau's 1982 Census of Manufactures, is well-known. The other, Bureau of Labor Statistics' (BLS) annual Occupation Employment Survey, has been around, but for the first time includes "sales workers" in its listing of occupations in the manufacturing sector.

Because both sources break out their data by SIC (Standard Industrial Classification) code, there's a helpful linkage between the two, enabling the marketer to relate his own shipments and salespeople to what the two sources report for his industry. Considering the reluctance of companies to divulge the number of their salespersons, the BLS data gives the marketer a unique opportunity to devise shipments-per-salesperson ratios for his industry, which he can then match up against comparative data for his own sales force.

True, the ratios won't be as precise as purists would like, because shipments of products do not take into account service or rental revenues, nor do they reflect the growing importance of alternative distribution channels in certain industries—brokers in food and manufacturers' representatives in electronics, for example.

Even so, the ratio fills a void where hard numbers are practically nonexistent. And it certainly is more helpful to marketers than the widely used, albeit misleading, revenue-per-employee yardstick, derived by dividing a company's total employment into revenues.

Computer companies, for example, are wont to compare themselves against IBM's revenue-per-employee, which last year stood at $294,389. However, in SIC 357—office and computing machines—shipments-per-sales-worker in 1982 were actually 26-times greater, or $7.8 million.

The reason for discrepancies of this magnitude is the fact that sales workers, who win the orders that lead to shipments, comprise only 2% of wage and salary workers in the manufacturing sector, according to BLS's latest data.

Variations in shipments-per-sales-worker ratios underscore the critical need on the part of marketers to relate their own ratios to industry-specific yardsticks. Not unexpectedly, the spreads in the 2-digit major groups are substantial. In the durable goods sector, ratios range from $24.7 million in SIC 37 (transportation equipment), down to $2.5 million in SIC 25 (furniture and fixtures). In nondurables, the range is from $23.5 million in SIC

Table 1. Sales performance summary by major industry

SIC	Industry	Salespersons 1982	Shipments per Salesperson 1982 ($Thous.)	% Change 1980–82 Salespersons	% Change 1980–82 Shipments per Salesperson
All	**Manufacturing**	**375,961**	**$5,2718.1**	**– 5.0%**	**+11.4%**
	Durable Goods				
24	Lumber and wood	9,701	4,433.5	– 6.5	– 2.5
25	Furniture	9,785	2,461.2	– 2.4	+10.6
32	Stone, clay, and glass	10,748	4,193.5	–13.7	+13.3
33	Primary metal	7,653	13,701.1	–22.8	+ 1.4
34	Fabricated metal	26,549	4,462.8	– 9.3	+12.4
35	Nonelectrical machinery	38,115	4,992.0	–10.2	+15.6
36	Electric and electronic equipment	17,830	8,349.8	– 4.4	+21.2
37	Transportation equipment	8,220	24,667.8	– 5.2	+14.7
38	Instruments	12,715	4,065.7	– 0.6	+17.8
39	Miscellaneous	10,128	2,659.6	– 6.5	+15.4
	Nondurable Goods				
20	Food and beverage	3,428	6,469.6	– 3.4	+13.5
21	Tobacco	766	20,936.0	+ 3.5	+27.0
22	Textile mills	5,509	8,675.0	–12.4	+15.5
23	Apparel	13,856	3,854.4	– 8.5	+27.5
26	Paper	14,865	5,359.9	– 6.5	+17.1
27	Printing and publishing	90,451	948.2	+ 0.4	+22.8
28	Chemicals	32,511	5,231.6	– 3.6	+ 8.6
29	Petroleum and coal	8,925	23,494.8	+ 2.4	+ 3.1
30	Rubber and miscellaneous plastics	10,340	5,349.2	+ 0.5	+16.3
31	Leather	3,866	2,507.2	–12.3	+12.9

Notes: Details may not add to totals due to rounding.

1980 salesperson data based on results of a mail survey by the Occupational Employment Statistics Department; 1982 salesperson data based on the matrix of all occupations across all industries, including an update of the 1980 survey results, maintained by the Office of Economic Growth.

Sources: Bureau of Labor Statistics, Occupational Employment Statistics Department, *Occupational Employment Statistics Survey of Manufacturing Industries, 1980*; Office of Economic Growth, *Employment and Occupation by Industry: 1982*; Census Bureau, *1982 Census of Manufactures: Preliminary Report*, MC82-SUM-1(P).

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29 (petroleum and coal products), to $948,200 in SIC 27 (printing and publishing).

Even within a 3-digit industry group, where products have a certain commonality, variations are significant. In the chemicals group, a salesperson selling industrial organic chemicals, SIC 286, averages $16.2 million of business, eight-times greater than the $2 million his peer in the paint industry, SIC 285, turns over.

Of course, the dissimilarities stem from several factors. Among them: nature of the product, relative price, and concentration or dispersal of the customer base. Guided missiles and space vehicles being probably the most complex product produced today, it's not surprising that that industry, SIC 376, has by far the highest shipments-per-sales-worker ratio: $295.9 million.

Generally, salespeople in durables goods industries average 40% more business apiece than those in nondurable goods—$6,295,300 vs. $4,491,500. A prime reason: durables are more likely to have a greater value-added content, hence a higher price.

Still, there are enough exceptions to that generalization to make it important that the marketer look at each industry on the basis of its own shipments-per-sales worker ratio. As Table 2 (below) demonstrates, the split between durables and nondurables is pretty even when it comes to industries with the highest or lowest shipments-per-sales-worker ratios.

Armed with the new insights provided by such ratios, the marketer can make quantifiable judgments in areas that heretofore suffered from a dearth of hard data. A marketer of household appliances, SIC 363, who wants to expand into the electrical lighting and wiring equipment market, SIC 364, can use the ratio for that industry to determine the number of salespeople he'll need to reach a predetermined target.

Assume, for example, he targets 1% of the market in his first year. In 1982, SIC 364 shipments totalled $12.1 billion; 1% of that is $121,036,000. Dividing that figure by the industry's shipments-per-sales-worker ratio, $4,716,900, suggests he'll need 26 salespeople.

The relative performance of his household appliance salespeople will give him another perspective. The shipments-per-sales-worker ratio for that industry is $7,100,400, but his own salespeople average 20% better, or $8,520,480. If the marketer assumes he can attain the same higher efficiency in SIC 364, he will learn that he can get by with 21 salespeople. Facts, not guesses, make the marketer smarter.

Table 2. Shipments-per-salesperson by industry

The highs . . .

SIC	Industry	Shipments per Salesperson 1982 ($Thous.)	Number of Salespersons 1982	% Change 1980–82
376	Guided missiles, space vehicles, parts	$295,856.7	150	No change
2411	Logging camps, logging contractors	55,001.3	151	– 5.6%
228	Yarn and thread mills	33,538.9	221	–15.0
371	Motor vehicles and equipment	28,636.0	3,910	– 5.6
2911	Petroleum refining	26,814.3	7,466	+ 5.9
2221	Weaving mills, man-made fibers and silk	26,466.7	300	–21.1
3011	Tires and inner tubes	23,880.4	392	–16.6
372	Aircraft and parts	23,608.1	2,278	– 6.3
341	Metal cans, shipping containers	20,820.6	574	–13.0
351	Engines, turbines	20,471.3	631	–20.1
2211	Weaving mills, cotton	19,877.1	205	–18.0
348	Ordnance and accessories	16,966.1	574	–13.0
286	Industrial organic chemicals	16,180.1	2,359	+ 0.4
331	Blast furnaces, basic steel products	15,955.1	2,933	–27.9
373	Ship and boat building, repairing	15,761.2	856	– 3.8
366	Communication equipment	15,589.9	2,994	+ 2.9
282	Plastics materials, synthetics	14,905.5	1,387	–13.0
2631	Paperboard mills	14,591.6	644	– 8.0
203	Preserved fruits, vegetables	13,251.5	2,253	– 1.6
3861	Photographic equipment, supplies	12,305.5	1,389	+ 3.7
281	Industrial inorganic chemicals	11,913.8	1,460	– 6.4
206	Sugar, confectionery products	11,782.5	1,330	+ 8.1
335	Nonferrous rolling and drawing	11,373.3	2,239	–14.5
226	Textile finishing, except wool	10,827.2	459	–13.4
332	Iron and steel foundries	10,334.6	947	–28.3

. . . and the lows

SIC	Industry	Shipments per Salesperson 1982 ($Thous.)	Number of Salespersons 1982	% Change 1980–82
2711	Newspapers	$ 438.6	48,531	– 0.9%
275	Commercial printing	1,475.0	18,762	+ 0.3
2721	Periodicals	1,550.0	7,435	+15.6
278	Blankbooks, bookbinding	1,616.2	1,739	– 0.6
391	Jewelry, silverware, plated ware	1,935.4	2,249	+ 6.1
2851	Paints, allied products	1,988.5	4,660	– 9.7
384	Medical instruments, supplies	2,022.4	5,371	+ 2.9
238	Miscellaneous apparel, accessories	2,154.9	979	– 6.8
273	Books	2,166.4	4,669	– 4.3
205	Bakery products	2,207.4	8,019	– 3.8
251	Household furniture	2,215.3	5,765	– 6.3
2311	Men's and boys' suits and coats	2,376.1	1,285	– 6.8
245	Wood buildings, mobile homes	2,505.5	1,987	– 1.1
314	Footwear, except rubber	2,511.9	2,104	–12.0
3811	Engineering and scientific instruments	2,647.0	1,201	+ 0.1
345	Screw machine products, bolts, etc.	2,670.0	2,149	–14.7
343	Plumbing and heating, except electric	2,705.1	1,447	+ 0.5
254	Partitions, fixtures	2,715.0	1,353	– 8.6
289	Miscellaneous chemical products	2,723.2	4,518	– 2.6
265	Paperboard containers and boxes	2,763.2	6,934	– 8.5
243	Millwork, plywood, and structural members	2,838.5	4,116	– 8.1
287	Agricultural chemicals	2,931.9	4,936	– 9.6
355	Special industry machinery	3,007.9	4,494	–15.2
354	Metalworking machinery	3,134.7	5,780	–14.0
347	Metal services, not elsewhere classified	3,250.7	1,544	– 8.1

Sources: Bureau of Labor Statistics, Occupation Employment Statistics Department, *Occupational Employment Statistics Survey of Manufacturing Industries: 1980*; Office of Economic Growth, *Employment and Occupation by Industry: 1982*; Census Bureau, *1982 Census of Manufactures: Preliminary Report*, MC82-SUM-1(P).

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PERSISTENT DEMAND KEEPS SALES HIRES STEADY

Despite an uneven economy, companies are keeping up the size of their sales forces, sometimes even adding to them. And they're paying recruits more.

By ARTHUR BRAGG
Senior Editor

Sales recruiters once found it was such a tough sell to get business majors at San Francisco State Univ. to become field salespeople that they rarely made the effort. Not anymore. "Many, many companies, especially over the last few months, are keen on recruiting salespeople here," says John Sullivan, chairman of the business school's Dept. of Management and Marketing. Such companies as Automatic Data Processing and McGraw-Hill offer soon-to-be graduated students sales internships that can lead to full-time positions. They are so eager to find recruits, Sullivan notes, that they often "do not make an issue of grades. They don't want to discourage anyone."

On the opposite side of the country, placement officials at Pace Univ., New York City, tell S&MM that they also are seeing more sales recruiters combing the ranks of students for prospects. Meanwhile, employment agencies that specialize in supplying companies with new and experienced salespeople report that their business during the summer was brisk. And in a telephone survey of marketers themselves conducted in July by S&MM, most executives confirmed that hiring salespeople was occurring at least at "normal" rates and that that would continue through the end of this year.

The survey shows that companies are adding to their sales staffs despite predictions that some areas of the economy may slow down next year. A major reason for it, says Don Waldron, president of his own New York City employment agency, "is that there is a personnel shortage in the country, especially in the field of selling." Waldron notes that requests from the Fortune 500 companies he recruits for, some 150 of them, were soft in April and May but strong in June; he expects the strong demand to continue well into the fall. If so, his company will place between 800 and 900 salespeople in 1985. That compares with 1,000–1,200 in "a good year," he says, and 300–400 in a poor one. Waldron is bullish about his market, especially the need for salespeople in the medical supply and consumer goods segments. "We see what companies' intentions are before even Wall Street does. We know turns in the economy before others because our clients tend to increase or cut their sales forces before events occur. Meanwhile, I think Fortune 500 firms especially will be doing some very interesting things with their sales teams."

> **'FORTUNE 500 FIRMS WILL BE DOING INTERESTING THINGS WITH SALES FORCES'**
>
> —Don Waldron
> President
> Don Waldron & Associates

S&MM's survey reveals that hiring for sales positions will also be brisk in the nation's service industries and, to a lesser degree, in pharmaceuticals. As Waldron notes, consumer packaged goods marketers will also be active; although they did not participate in the survey, Procter & Gamble and Colgate will likely beef up their sales forces as they get back into their markets, a move already underway at Lever Brothers (S&MM, June 3). The number of sales job openings in the steel industry will continue as they now are: depressed. Dan Land, a sales training executive at Bethlehem Steel, for example, says his company currently recruits "ten to twelve new salespeople each year, and I expect that that will not change," he adds. "We've had higher figures in the past."

Computer manufacturers' needs for new salespeople, the survey shows, are practically nonexistent, a situation blamed on their failure to sell Americans as many personal computers as they forecast. Indeed, both Wang Labs and AT&T Information Systems are laying off employees, although spokespeople at the companies say that their sales forces will be the last to feel the axe. In June, Apple Computer president John Sculley indicated during remarks he made about the future marketing of Apple's Macintosh model that his company will not be hiring any salespeople. Sculley announced that henceforth, he will rely on dealers to sell the Mac-

intosh and abandon most of its direct sales efforts.

"We're steady," says Charles Cobb, an area manager for Lanier's Image Processing Div., Atlanta, which sells Lanier business products. "We're hiring as before—about 100 to 120 people this year," he says.

If Lanier is typical, it is paying its new hires more than in previous years, as the tables accompanying this feature show. Companies hiring college graduates will pay them slightly more than 5% over last year's starting salaries. Don Waldron describes that figure as typical of the annual increases paid by companies in recent years. "It's a far cry from the ten to twelve percent increases we saw in the past. Of course, there's considerable leeway. It all depends upon who the company is." Thus, he says, Procter & Gamble may pay a starting salesperson as much as $26,000 or as little as $17,000 depending on the division involved and the special requirements of the job.

Memorex, Santa Clara, CA, says David L. Hilst, manager for education and training, is busy adding new salespeople. Hilst puts the increase at 20%, but he refuses to say what the new hires are needed for. "We are embarking for the first time on recruiting on college campuses, using our line managers to handle the search," he notes.

Will Memorex's managers be looking for "brains first" in their hunt, unlike many of the recruiters using San Francisco State Univ.'s placement program, who fear that insisting upon high grades only makes their task more difficult? Hilst could not say, noting that the company's college recruiting effort is brand-new.

If grades are given less importance by Memorex, it will be in harmony with the advice Jeanne and Herbert Greenberg give the clients of their psychological testing company, Personality Dynamics, Inc., Princeton, NJ. They have published articles arguing that recruiters err when they put intelligence ahead of personality if the job to be filled is in selling.

They note, referring to a computer company that had hired "brilliant" graduates who later turned out to be poor salespeople, "We advised the firm to seek students with the personality traits to become successful salespeople, even if they did not have the imposing academic credentials sought previously." The best new hires, they say, come to the job equipped with a strong ego and the ability to empathize with the customer.

That's also the thinking Dick Baker, manager of training and recruiting for Xerox Learning Systems, Stamford, CT, uses when he adds new people to his company's 100-strong U.S. sales force. Baker, who tells S&MM that he is recruiting at the same level this year as in previous years, says, "We don't look at a recruit's grades per se. More important to us is his capability, his demonstrated attitudes."

Baker's new hires tend to be MBAs, in fact, but who also have two to three years of selling experience. "I find that the quality of our new salespeople is higher than previously," he says, adding that that's a blessing. "Salespeople today need a higher level of sophistication because selling is more complicated. The sales cycle is longer and there are more people on the client's side to deal with. So we look for the very best people we can find, those with success in selling."

Baker warns against attempting to predict a new hire's ultimate performance. "A study we did of salespeople showed us that age wasn't a factor in success or failure, nor was the person's sex. Neither was their specific experience." Xerox's solution is to recruit individuals who possess what the company itself sells—skills.

S&MM's survey turned up evidence that distributors and dealers are hiring salespeople at or near last year's pace, and, where business is good, at a faster pace. That's expected to be the case for the 240 or

so dealers who sell for the U.S. arm of Iveco, the European truck maker. Iveco's director of sales training, Beau Toskich, notes that the early success his company has had in securing market share here for its medium-duty vehicles has encouraged management to go after "substantial" new sales. Iveco's dealers, he believes, may be needing additional manpower.

Cut sales force?

The trend of at least maintaining the size of the sales force may be short-lived, in the view of some. One survey respondent, who asked that he not be identified, says that "as more companies turn to the use of distributors and others, they'll be reducing the number of direct salespeople they employ. Lever Brothers, for example, is increasing its number of food brokers. Companies are convinced that they can ensure themselves better coverage by using a local distributor." Another respondent, Don Waite, president of Sales Staff Surveys, Danbury, CT, which asssists companies in discovering the opinions and judgments of their sales forces, worries that the costs of having a direct sales force may influence future hiring practices. He says, "Salesmen are very expensive people today." (See related story on p. 80).

The high cost of having your own salespeople also concerns the management of Armour-Dial, Phoenix. The detergent, personal care, and pharmaceutical giant these days has a freeze on hiring salespeople while management attempts to blend the current sales force with that of its merger partner, Purex, notes Armour's sales training chief, Raymond A. Higgins.

"Costs are a concern, absolutely," says Higgins. "In the past we have tried to deal with them by actually introducing new products, more products, this in order to justify the size of our current sales force." Higgins says that, indeed, one of the goals of Armour's marriage with Purex is to gain even more products to help it strike a balance of sorts in what it spends on its salespeople, including hiring new ones—if and when.

Starting salaries of college graduates to be hired

Field	Class Of 1985	Class Of 1984	% Change 1984–85
		Bachelor's Degree	
Sales-marketing	$20,616	$19,620	+ 5.1%
Business administration	19,896	19,416	+ 2.5
		M.B.A. Degree	
With technical B.S.	$31,800	$28,428	+11.9%
With nontechnical B.A.	30,348	28,764	+ 5.5

Note: Salaries shown are what companies offered, not what they actually paid.
Source: Northwestern Univ. Placement Center, *The Endicott Report 1985*; copyright 1984.
Reprinted from S&MM's 1985 *Survey of Selling Costs*, Feb. 18.

Salary statistics for M.B.A. graduates entering marketing

Field	Range	Average
Sales	$18,000–$50,000	$35,166
Marketing research	27,000–37,500	33,500
General marketing	30,000–42,000	36,482

Note: The survey sample includes graduates with two to four years experience prior to receiving their M.B.A.
Source: *1984 MBA Placement Survey*, Wharton Graduate School, Univ. of Pennsylvania.
Reprinted from S&MM's 1985 *Survey of Selling Costs*, Feb. 18.

Earnings of salaried reps by selected industries

Industry Group	High Median	Low Median
Building materials	$35,000	$18,000
Computer products/services	33,000	35,000
Electrical equip.	48,000	18,000
Electronics	36,000	24,000
Fabricated metals	35,000	25,000
Food products	27,000	19,000
General machinery	39,000	25,000
Instruments & allied products	33,800	32,500
Iron & steel	30,000	22,000
Nonferrous metals	32,000	25,000
Rubber, plastics, & leather	35,000	20,000
Tools & hardware	33,000	19,000
Transportation equip.	35,000	20,000
13-industry average	**$34,750**	**$23,270**

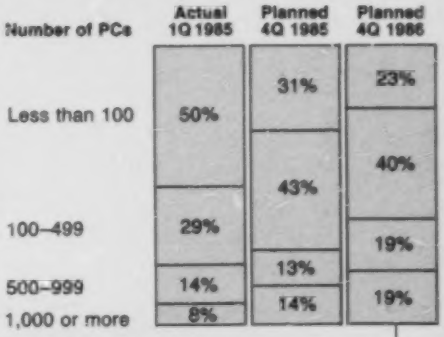
Source: Dartnell Corp., *22nd Biennial Survey of Sales Force Compensation*.
Reprinted from S&MM's 1985 *Survey of Selling Costs*, Feb. 18.

Big companies to spend heavily on PCs

While PC marketers struggle through their industry's worst recession, Fortune 500 companies plan to double their installations of micros by year-end 1986, according to a survey by Newton-Evans Research Co. (NERC), Ellicott City, MD. The share of companies with 1,000 or more PCs in place will more than double from 8% in 1985's first quarter to 19% in 1986's fourth quarter. Meanwhile, the percentage of companies with less than 100 PCs will drop from 50% to 23%.

While PC marketers may be heartened by the ambitious spending projections, NERC president Charles W. Newton warns that buyers' plans revolve around "fewer suppliers, use of only two or three channels, multiple unit procurement, and expectations of price discounting or at least 'giveaways' of software, peripherals, and the like."

Breakdown of microcomputers installed among Fortune 500



Note: Totals do not add to 100% due to rounding.
Source: Newton-Evans Research Co., *Microcomputer Usage Trends in Fortune Corporations: 1985 edition.*
*Sales & Marketing Management.

Ashton-Tate computerizes annual report

Using the annual report to tout a company's products or services is standard stuff. Ashton-Tate, Culver City, CA, the No. 3 independent microcomputer software firm (behind Lotus and Microsoft), gives the tactic an innovative twist by using its just-released fiscal 1985 report to demonstrate Framework, a multi-function program that combines spreadsheet, word processing, graphics, and communications.

Two diskettes, one of which contains the annual report, will be mailed to financial analysts, investment specialists, and the news media. The diskette with the annual

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Percentages of companies planning to increase staff size

Go south, young (sales)man!

A recent national survey of hiring trends conducted by Sales Consultants International, Cleveland, showed that America's South Atlantic states are the place to go for salespeople looking for work. When asked if they planned to add to their staff during the second half of this year, an overwhelming 67.2% of the regions' sales executives responded in the affirmative. The survey polled more than 1,300 execs nationwide on their hiring plans for the remainder of 1985, with an average total of 42.1% indicating they planned increases. The Pacific region (California, Oregon, and Washington) posted the second-highest percentage of positive response at 51.5%, followed by New England, with 45.6% saying yes to more hiring. With the exception of the Mountain states (42.3%), all other regions of the U.S. were under the national average. Sales Consultants president, Alan Schonberg, says that the figures show "virtually no change from the first half [of 1985] survey results," adding that continuing strong levels of opportunity in sales "may act as a catalyst for management, office support, and data processing employment changes in the first half of next year."

Should you launch a foreign sales corporation?

The paperwork burdens are heavy, but as many as 4,000 companies are expected this year to form foreign sales corporations (FSCs), the latest mechanism created by Congress to encourage U.S. exporting. A reduction of taxes of 15% to 23% is enticing companies to establish the sales mechanisms.

FSCs were created in the 1984 Tax Reform Act to replace domestic international sales corporations (DISCs) that had been criticized by foreign competitors as an illegal trade subsidy. DISCs were essentially paper corporations that allowed companies to defer taxes on part of their export profits while FSCs are slightly more elaborate vehicles that require companies to have an actual overseas presence through which they earn a corporate tax exemption. "If DISCs were paper, FSCs are cardboard," says one congressional expert.

The rules require companies to incorporate in a U.S. possession (except Puerto Rico) or one of 27 foreign countries approved by the Treasury Department, maintain an office there with at least one member who isn't a U.S. resident, and meet other stipulations. About 80% head for the Virgin Islands because of favorable tax laws and other benefits, says Erick Schilling, a vice president in the First Pennsylvania Bank's international department which sets up and administers FSCs.

How much in export sales is needed to offset the expenses of an FSC? "About $1 million in foreign income is the break-even point, and maybe less if a company has a high profit margin," he insists. But apparently a host of companies believe their current export levels make the benefit marginal. Predictions are that, out of 9,000 companies that had licensed DISCs, only 40% to 50% will form FSCs in the near future.

Complicating the decision, apparently, are varying rules depending on the level of exports. For example, companies with less than $5 million in sales abroad are exempt from onerous foreign management rules that require them to hold certain business activities outside the U.S. Others are waiting for two shoes to drop—an upcoming IRS interpretation of the new FSC rules, and a formal view of the General Agreement on Tariffs and Trade (GATT), the Geneva-based organization that turned thumbs down on the DISC.